



# House of Representatives

General Assembly

**File No. 237**

*February Session, 2004*

Substitute House Bill No. 5540

*House of Representatives, March 24, 2004*

The Committee on General Law reported through REP. FOX of the 144th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

## **AN ACT CONCERNING ITEMS ON CONSIGNMENT.**

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. (NEW) (*Effective October 1, 2004*) (a) As used in this  
2 section:

3 (1) "Consignor" means any person who delivers personal property  
4 to a consignee for the purpose of sale to the public on a commission or  
5 fee or other basis of compensation, and is not in the regular business of  
6 placing such personal property for sale; and

7 (2) "Consignee" means a dealer who receives and accepts personal  
8 property from a consignor for the purpose of sale to the public on a  
9 commission or fee or other basis of compensation.

10 (b) A contract between a consignor and consignee for the sale of  
11 personal property valued at one thousand dollars or more shall  
12 include a provision that the consignor may protect his or her interest in  
13 the personal property by filing a Uniform Commercial Code 1

14 financing statement with the Secretary of the State, and that absent  
15 such filing the property may be subject to seizure if the consignee  
16 declares bankruptcy.

|  |                        |
|--|------------------------|
| This act shall take effect as follows: |                        |
| Section 1                              | <i>October 1, 2004</i> |

**GL**        *Joint Favorable Subst.*

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either House thereof for any purpose:

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**OFA Fiscal Note**

**State Impact:** None

**Municipal Impact:** None

**Explanation**

This bill, which establishes provisions of a contract between consignors and consignees, has no fiscal impact to the state.

**OLR Bill Analysis**

sHB 5540

**AN ACT CONCERNING ITEMS ON CONSIGNMENT****SUMMARY:**

This bill requires contracts between consignors and consignees to sell personal property worth at least \$1,000 to state that (1) the consignor may protect his interest in the property by filing a Uniform Commercial Code 1 financing statement with the secretary of the state and (2) absent the filing, the property may be subject to seizure if the consignee declares bankruptcy.

For this purpose, the bill defines "consignor" as someone who (1) delivers personal property to a consignee to sell it to the public for compensation, which may be as a commission, fee, or as otherwise determined, and (2) is not in the regular business of placing such property for sale. It defines "consignee" as a dealer who receives and accepts personal property from consignors to sell it to the public for compensation.

EFFECTIVE DATE: October 1, 2004

**BACKGROUND*****Uniform Commercial Code 1 Financing Statement***

Title 9 of the Uniform Commercial Code is concerned with secured transactions. The law generally requires a financing statement to be filed with the secretary of the state to perfect the interest (CGS § 42a-9-310). The financing form is UCC-1. On the form, one can identify a debtor's name and address and a secured party's name and address.

It is available on the secretary of the state's website (<http://www.sots.state.ct.us/CommercialRecording/CRDform.html#UCC>).

**COMMITTEE ACTION**

General Law Committee

Joint Favorable Substitute  
Yea 19      Nay 0